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OIL EXPLORATION, PRODUCTION TO COST \$15 BILLION IN 1981-85

Goal for 1985 'Imperative'

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 11 Sep 81 p 28

[Text] Rio de Janeiro--Petrobras will invest over \$5.1 billion, or 533 billion cruzeiros, next year in oil exploration and production as part of its effort to achieve daily production of 500,000 barrels by 1985, it was announced in Rio de Janeiro yesterday by Orfila Santos Lima, the company's production director. This investment budget is 83 percent higher, in real terms, than this year's expenditures on oil exploration and production.

According to Orfila Santos Lima, the goal of 500,000 barrels of oil a day "is an absolute imperative for Petrobras" and must be reached by 1985.

The proposed funds, Orfila explained, have already been requested from the Special Secretariat for Control of State Enterprises (SEST), which will have to consider the matter within the overall Petrobras budget. Of the 533-billion-cruzeiro total, 315 billion cruzeiros will be for production development and 218 billion cruzeiros will be for exploration. This represents a real increase of 27 percent for production development and 42 percent for exploration.

Since 1977, Orfila said, there was also an effort made regarding the activity of companies having risk contracts with Petrobras. Throughout this period 48 wells were dug and 10 more are being drilled, resulting in investments of \$735 million. Nationwide, there were 463 wells drilled in 1980 and 418 through August 1981. During 1980 Petrobras spent, according to Orfila, the equivalent of 67.7 billion cruzeiros for production development and exploration and in 1981 will spend about 190 billion cruzeiros.

Domestic Production

The Petrobras official further revealed that domestic petroleum production is now 234,000 barrels per day, but the objective is to reach 280,000 by February or March next year. It is possible that during the second half of next year a peak of 300,000 barrels per day will be reached.

Orfila announced that by the end of this year or the beginning of the next, 5 systems in the Campos Basin will begin to operate, producing an additional 32,076 barrels

per day, which, added to the current 60,000 barrels, will show a volume of 90,076 barrels a day. This represents an increase in Campos Basin production of 53.3 percent.

Daily production from the new systems will be divided among the various fields as follows: Garoupa, 15,725 barrels; Bicudo, 6,916 barrels; Pampo, 1,887 barrels; Badejo, 5,661 barrels; and Enchova (exploratory), 1,887 barrels. To give an idea of the amount of work accomplished by Petrobras, Orfila pointed out that Brazil now has 2,030 wells in production, whereas in January of this year it had only 1,800. But his contention is that this effort will have to be intensified in order to compensate for declining production in Bahia, which now has 47 producing fields, with an output of 78,000 barrels per day, whereas previously 150,000 barrels a day were being produced. For this reason, secondary-recovery methods are being used constantly, with 150,000 cubic meters of water injected daily. The production director mentioned that 75 percent of Bahia's oil production comes from 6 wells and 25 percent from the other 41.

Domestic Industry

Petrobras announced that, in accordance with its policy of supporting domestic industry, it permitted Confab Industrial S.A. to double its production capacity for oilwell casing pipe. It will manufacture 48,000 tons of piping per year. Petrobras said this same company, in addition to its domestic supply, signed contracts amounting to \$40 billion [as published] for delivery to foreign markets, mainly those of the United States and Mexico.

Investment Details

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 15 Sep 81 p 35

[Text] Rio de Janeiro--Petrobras will invest about \$15 billion to carry out its program for exploration and production of petroleum and natural gas in Brazil between 1981 and 1985, when the goal of 500,000 barrels of oil per day must be met, generating a foreign-exchange savings of \$4.5 billion per year. Brazil's existing reserves permit production of 400,000 barrels of oil a day by 1985, without taking into account additional production resulting from new discoveries.

This announcement was made in Rio de Janeiro yesterday by the Petrobras general superintendent for production, Mauricio Medeiros de Alvarenga, during the Third International Symposium on Offshore Structures. He added that the \$15 billion will absorb during the period 90 percent of all investment made by Petrobras and foreign currency will account for 30 percent.

Mauricio Alvarenga announced that surveying 330,000 kilometers in water deeper than 200 meters and about 50,000 kilometers of seismographic profiles in onshore basins is already planned. This will make possible efficient exploratory drilling of about 3 million meters offshore and 2 million meters onshore. This program will require about \$4.5 billion. The exploration effort, Mauricio Alvarenga continued, will probably require drilling 2,516 wells, onshore and offshore, calling for a substantial increase in the number of drilling units, which at present is 73 rigs (45 onshore and 28 offshore).

Offshore Exploration

The Petrobras superintendent made a thorough analysis of petroleum exploration in Brazil. In regard to offshore drilling, he said that 13 years after exploration was begun 600 exploratory wells have been drilled and 330,000 kilometers of seismic lines have been laid. Thanks to this work, according to Mauricio Alvarenga, it was possible to identify 20 oil-bearing fields off the Brazilian coast in the states of Rio de Janeiro, Sergipe, Rio Grande do Norte, Alagoas, Bahia, Ceara and Espirito Santo. He also spoke of the potentialities of the Brazilian continental shelf, mentioning that 968 million barrels have been found there, more than 80 percent of it located in the oil-bearing province of the Campos Basin.

The definitive Campos production system, Mauricio Alvarenga pointed out, calls for operating seven large stationary platforms similar to those installed in the North Sea. Through 1980, \$2.1 billion was invested in developing these systems, and an additional \$3.4 billion is to be invested by 1987. According to the superintendent, the system should begin operating during 1983.

Equipment

Meeting the goals for offshore and onshore exploration (2,516 wells) will require considerable quantities of equipment. For this purpose Petrobras has under construction 10 offshore drilling platforms (6 semi-submersible and 4 "jack-up"). It is also procuring 15 onshore and 15 offshore "self-contained" drilling rigs. Mauricio Alvarenga also estimated that 35,000 to 45,000 drilling bits and 700,000 to 900,000 tons of casing pipe will be used.

"The amount of material needed," Mauricio Alvarenga noted, "consists of more than what has just been mentioned. Reaching the goal of 500,000 barrels a day in 1985 also requires building 40 to 50 permanent steel platforms in addition to those being built for the Campos Basin and the 32 already in operation; building 6 mobile platforms; installing 10 to 15 preliminary production systems and 30 to 40 wet Christmas trees; and building 4 plants for producing LNG (liquid natural gas)."

Mauricio Alvarenga explained that high winds have been hampering the work of repairing the hydraulic and electric cables of the provisional Garoupa system. Yesterday, however, divers managed to get into the manifold (central control system), wearing gas masks, to do the necessary work. The superintendent believes that, unless the weather gets worse, the field's production system will begin operating again this morning.

Exploratory Wells

<u>Year</u>	<u>Offshore</u>	<u>Onshore</u>
1981	121	121
1982	147	159
1983	166	197
1984	179	235
1985	193	263
[Total]	806	975

Seismic Surveys

Offshore: 330,000 kilometers
Onshore: 666 team-months

Investments

Offshore: \$3.5 billion
Onshore: \$1.0 billion
[Total] \$4.5 billion

Trend of Production

<u>Year</u>	<u>Cubic Meters/Day</u>	<u>Barrels/Day</u>
1981	12,824	221
1982	14,338	247
1983	19,430	335
1984	25,128	433
1985	29,019	500

Petroleum production in Brazil, excluding any possible contribution from indirect exploration (risk contracts), is expected to increase from 221,000 barrels a day in 1981 to 500,000 barrels a day in 1985.

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PETROBRAS DISCOVERS NEW OIL RESERVE IN CAMPOS BASIN

Rio de Janeiro O GLOBO in Portuguese 9 Sep 81 p 17

[Text] Carlos Walter Marinho Campos, Petrobras exploration director, announced yesterday that more petroleum was discovered in the Campos Basin in the development well of the Bicudo field, which could raise the reserves of that field from an estimated 4.7 million barrels to between 90 million and 120 million barrels.

According to Marinho Campos, with the new discovery, the Bicudo reserves represent at least 15 percent of the total of the 600 million barrels currently existing in the Campos Basin. He announced that the first stage of activity for this field is planned for November, with 10,000 barrels of oil daily.

Drilling

The Petrobras exploration director explained that this discovery occurred in the Rio de Janeiro Submarine well 158 (7-RJS-158), at various depths between 2,205 and 2,577 meters at a water depth of 132 meters and 85 kilometers from the coast.

He announced that drilling of this well has extended to 2,743 meters and indicates a significant increase in the thickness of the oil-bearing rocks in that field, the average for which had been 20 meters and in this well was 7 times as much.

Production

Marinho Campos said that Petrobras is preparing the well for production and will not test it first, as its rocks are already well-known. The flow will be determined only when the well enters production, which will occur by the end of this year, using a preliminary production system with two or three wells.

In June of this year, Bicudo's measured reserves were 4,749,000 barrels of petroleum and it was planned to begin production there in 1982, with 10,000 barrels daily. However, after additional studies are made, a more exact evaluation of the new production will be made.

Bicudo was discovered in 1976 through the Rio de Janeiro submarine exploratory well number 28-A. Two more wells were drilled in the field last year (Rio de Janeiro submarine wells numbers 134 and 161). Petrobras is now drilling another well (Bicudo No 1) to develop the field.

More Discovery

The Petrobras exploration director revealed that domestic reserves are now 1.3 billion barrels and the current 600 million barrels in the Campos Basin "could increase considerably because its location indicates a possibility of more discoveries," He revealed that 566,000 meters had been drilled nationwide by last July and that this year's goal is 1 million meters.

He added that there is no advantage to Petrobras in opening the Campos Basin region to risk contracts and that the company will spend 13 billion cruzeiros for exploration and about 110 billion cruzeiros for drilling this year.

Petrobras President Shigeaki Ueki received a telegram from President Joao Figueiredo saying: "My congratulations to you and all the Petrobras technicians for the new discoveries of oil in the Bicudo field and of gas in Alagoas."

Gas

Marinho Campos also reported that Petrobras struck natural gas in the Pilar Pilar exploratory well number 1, about 30 kilometers off the Alagoas coast. The gas-bearing zones are 70 meters thick and are located at a depth of about 2,300 meters. Technical difficulties prevented estimation of the well's flow and the extent of its reserve.

The announced volume of 4 billion cubic meters is an initial estimate based upon the thickness of the gas-bearing zone and the assumption that the structure contains gas throughout its area, which is 10 square kilometers. The exact volume of the discovery cannot be ascertained until after drilling the delimitation wells, which will begin during the next 30 days.

Garoupa

In an official note, Petrobras announced yesterday that, as a preventive measure, it decided to temporarily halt production of 37,800 barrels daily at the Garoupa provisional system this weekend due to high winds of up to 80 kilometers per hour in the Campos Basin area. The purpose was to avoid damage to equipment. Production should return to normal by the end of the week, Petrobras said.

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CAVALCANTI NOTES POSSIBILITY OF MORE TURBINES IN ITAIPU

Rio de Janeiro O GLOBO in Portuguese 7 Sep 81 p 16

[Text] Brasilia--General Costa Cavalcanti, director general of the Itaipu Binational enterprise, acknowledged publicly the possibility of a new agreement between Brazil and Argentina for the Itaipu hydroelectric station to operate all 20 of its turbines instead of 18 with 2 in reserve, as stipulated in the tripartite agreement.

Speaking in Foz de Iguacu to a group of deputies invited by Itaipu to observe the hydroelectric plant construction first hand, General Costa Cavalcanti said it is possible for the hydroelectric plant to operate 20 turbines without jeopardizing shipping on the Parana River, which is vital to the Argentine economy.

These two turbines will add 1,400 megawatts to the energy produced by Itaipu.

Cavalcanti stressed, however, that this possibility would be considered by the Brazilian Government only if there is an agreement with the Argentine Government.

Next year the task of filling the Itaipu reservoir will begin. It must be completed within a period of 12 days during September, October or November.

"If, for any reason, Itaipu construction is delayed," Costa Cavalcanti told the deputies, "we shall have to wait until 1983, and this will incur a loss of \$600 million in interest alone to be paid by the binational company to its creditors."

During the 12 days of filling the reservoir, Brazil will have to divert part of the waters of Foz de Areia and Salto Santiago reservoirs and of the Iguacu River in order to assure navigability of the Parana River in Argentine territory.

Contract

This week Itaipu signed a contract with the National Economic Development Bank (BNDE) amounting to 42 billion cruzeiros for installing the hydroelectric plant's heavy mechanical equipment. The money will be repaid in 8 years and, according to General Cavalcanti, is the largest contract ever signed by the BNDE, except for the one dealing with the Carajas Project.

The Itaipu director also told the federal deputies that before 1983 Brazil and Paraguay will arrive at the contracts for furnishing energy generated by the hydroelectric plant, which will amount to 7 billion kilowatt hours annually, which is more

than half the energy produced in Brazil last year. Cavalcanti called attention to the fact that this energy will be divided equally between Brazil and Paraguay. The latter country now consumes 200,000 kilowatts annually.

Starting in 1983, when the first three generating units of the Itaipu hydroelectric plant begin operating, the energy will be distributed through two direct-current and one alternating-current systems to Sao Paulo (Sao Roque region) and from there to Rio de Janeiro, Vitoria, Belo Horizonte, Brasilia and part of the nation's Center-West region, as well as throughout Paraguay, which will sell its excess energy to Brazil.

From the beginning of construction until last August, the Itaipu Binational company purchased Brazilian and Paraguayan equipment worth 123 billion cruzeiros and has already paid about \$4 billion in interest.

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GOVERNMENT, INDUSTRY PLAN MINI HYDROELECTRIC PLANTS

Rio de Janeiro JORNAL DO BRASIL in Portuguese 7 Sep 81 p 12

[Text] Sao Paulo--About 20 government entities, research centers and industrial firms held a series of conferences during August to work out guidelines for the first National Program to Develop Small Hydraulic Power Plants for Rural Energy, which will even include a mechanical definition of mini power plants.

The basic philosophy of the study will be to establish the energy needs of the rural producer, varying according to national regions and productive systems. When the research is finished it will be submitted as a part of the CNPq (National Scientific and Technological Development Council) energy program to be included in the third National Scientific and Technological Development Plan.

Obstacles

In producing the first Brazilian kilowatt in 1889 at a hydroelectric plant of the Minas Gerais Electric Company in Juiz de Fora, the nation entered a new energy era, with mini power plants. This policy of operating small hydroelectric plants, later abandoned in favor of larger units, has a potential in Sao Paulo State alone that could be as much as 2.25 million kilowatts per year.

The obstacles preventing use of this potential until now are mainly political and legal. The first step recommended by the working group was to empower the mines and energy minister to authorize operation of small power plants having a potential of less than 5,000 kilowatts. This would be accompanied by a simplification of the administrative process of delegating powers to the state agencies for the sector.

In case of projects having a potential to generate energy beyond local needs, selling the excess electricity directly to other consumers or to the regional franchisee itself will also be considered. In order to carry out this plan, the suitability of rate-structure legislation is also being studied.

Machinery

All these studies are being made through the combined efforts of the CNPq, the Society for Agricultural Engineering and CENEA (National Agricultural Engineering Center), with headquarters in Sorocaba, at Ipanema Ranch. This agency of the Agriculture Ministry trains pilots for agricultural aviation and mainly carries out experiments, tests and technological development for agricultural machinery, equipment and systems.

With this infrastructure, the CENEA will help test the miniturbines, whose technology is fully mastered by domestic industry. The electrical equipment is standardized, but the goal of the working group is to achieve standardization of all the hydro-mechanical elements, which can be accomplished only through increased demand for such machinery.

Meanwhile, it was agreed during the first two meetings, certain universities and other centers of scientific and technological development should take part in the program. They will improve the technology of small power plants, at first up to 100 kilowatts, and systems for transmitting and distributing electricity. In addition, they are to hold technical meetings, train manpower and establish courses in rural energy.

Definition

It is estimated that Brazil has the capacity to generate through mini power plants more than 100 million kilowatts, a little more than 10 times the power to be produced by Itaipu. To make development of this potential compatible with generating machinery, the research group will first define the characteristics of a hydroelectric plant of this type.

This detail is essential for planning studies, projects, construction and operation of the machinery within each power category.

For the technicians involved in the project, however, the main problem is still the political one. An example: how to force the large franchisees to give up their monopoly of generation and distribution? Or, more than that, how to reconcile them to the moment when the real costs of the whole electrical operation will be revealed, through operation of these independent power plants?

In regard to this last item, other types of impact are expected. Such as, for example, establishment of special rates, because the rural producer will have to either sell his surplus energy to the franchisee or distribute it to adjacent areas. There is also the question of the location and specifications for these hydroelectric plants in such a way as to prevent flooding and not harm irrigation, navigation or even the supply of foodstuffs for the population.

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FRENCH FUNDS RELEASED FOR BUYING HYDROELECTRIC EQUIPMENT

Rio de Janeiro JORNAL DO BRASIL in Portuguese 7 Sep 81 p 12

[Text] Sao Paulo--French financing of about \$1.5 billion for buying equipment for the Corumba, Nilo Pecanha and other hydroelectric plants is now being disbursed, it was announced by the director general of Brown Boveri do Brasil, Franz Voegeli, who acknowledges it is a victory for domestic industry to have an 80 percent share in production of this electromechanical equipment.

To him, "the French were also wise to succeed in keeping so much basic industrial activity in their own country. It was a ~~clever~~ move to provide the loans and still manufacture 20 percent of the equipment." These agreements were reached during the visit by the president of the republic and Planning Minister Delfim Netto to France. He also announced that Brown Boveri is hiring about 250 employees to join the 3,200 workers it now has.

More Jobs

He said the new jobs in Brown Boveri were created as soon as CACEX [Foreign Trade Department] permitted entry into the country of equipment for producing made-to-order capital goods. This equipment was ordered by Brown Boveri 1 year ago, but because of problems in 1980 for foreign purchases it was not possible to import it until this year.

"It is equipment that is worth 350 million cruzeiros and, furthermore, we have an average of 25 million Swiss francs in annual investments programmed for the company. Our order backlog can be considered good: a workload that will last until the end of 1983 or the beginning of 1984," he asserted.

He also said that the government is now paying its debts to the company more promptly. "The situation is better today than it was 6 or 8 months ago. And the trend is toward even more improvement," he said.

He explained that Brown Boveri now has orders from the Itaipu Binational enterprise that represent 40 to 50 percent of its capacity. "But there is the rest of the plant, which is essential, where we have fewer orders. We also have production for Tucuruí, Porto Primavera and others," he said.

Brown Boveri's latest balance sheet showed gross revenue from sales and services of 7.218 billion cruzeiros, compared with 3.443 billion cruzeiros in 1979. The

company's gross profit was 2.577 billion cruzeiros compared with 1.312 billion cruzeiros in 1979.

Among the orders in Brown Boveri's backlog are: hydrogenerators for Porto Primavera; single-phase transformers for Itaipu Binational; motors and generators for Petrobras platforms; 800-kilovolt transformers for FURNAS [Furnas Electric Power Companies, Inc] (Itaipu system); generator for Foz de Areia; electrical equipment for FEPASA [Sao Paulo Railroad, Inc] and the Federal Railway Network, and others, besides the generators for Itaipu.

The company delivered to FURNAS 7 of the 15 transformers of 800 kilovolts it produced, the largest yet built anywhere, that will be used for the line connecting Sao Paulo to Itaipu at Foz do Iguacu.

"These transformers made possible development of higher technology in the sector domestically. Today we are the most advanced nation in this area. We are not aware of other advances in this area as significant as ours."

Mr Voegeli also acknowledged that "there are good prospects for the domestic capital-goods industry to export electromechanical equipment to Peru. It is also the result of the services provided by domestic engineering companies that are operating in Latin American countries.

"We also have other potential future clients, which are Mexico and Venezuela. As for Argentina, it is all a matter of understanding. There is a possibility of our exporting there, but it is felt that more dialogue is needed between the manufacturers and the buyers," he asserted.

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OIL, HYDROELECTRIC POLICIES VIEWED

Paramaribo DE WARE TIJD in Dutch 15 Aug 81 p 13

[Article by S.E. Jharap]

[Text] After World War II most Third World countries became officially independent and could theoretically decide on policies in agreement with the economic development they envisioned. With hardly any exception these countries have a dual goal:

- a. They want fast economic growth,
- b. with a maximum of political independence.

The pattern of economic development in many Third World nations is characterized by a relatively fast growth of industry and a more or less stagnating agricultural production. This has far reaching consequences for their energy policy. The amount of energy needed per unit of production is much higher in industry than it is in agriculture.

Brake on Development

Most Third World countries have certain energy and oil problems in common. They are the result of several related vicious circles. Underdevelopment of the energy sector (and possible oil wells), for instance, works as a brake on economic development.

In the first place, industrialization and modernization demand growth in the use of energy which is even bigger than the growth of the total production of the economy.

In the second place, many Third World countries have insufficient energy sources; sometimes there are really no sources of energy, sometimes there is also a lack of knowledge of what is in the ground: or there might be inability to develop proven deposits.

In the third place, most countries have insufficient foreign assets to import extra energy, especially in the form of oil.

In the fourth place, most Third World countries depend more or less on foreign assistance to supplement their shortage of foreign assets.

In the fifth place, their domestic energy sector, whether well or badly developed, is generally speaking dominated by international concerns.

Serious Threat

The development of the energy resources of many Third World countries was neglected and their energy policies were based on energy sources under foreign control. The dangers and inherently weak spots of such an energy policy remained hidden from these countries by declining oil prices in the 60's. The declining prices cancelled out the biggest part of the cost of increasing amounts of crude oil and importing it remained a manageable burden to the economies of these countries. However, because of the sharp price increase of oil at the start of the seventies and especially after the October war of 1973 they were placed in dire circumstances. It can generally be said that the enormous increase in expensed for imported oil resulted for Third World countries like India in a shattered balance of payments, greatly reduced use of fertilizer, and a severe threat to industrial growth and the very existence of many people in the Third World.

Vicious Circles

Since economics is still dominated by market forces and since governments are not very well equipped to counter their adversities, the energy crisis became a catastrophe of depression and stagnation. Under the caption: "India's torment: The country is plagued by a multitude of miseries" the WALL STREET JOURNAL says in an intelligent article: "The oil problem, accompanied by interruptions in coal deliveries and shortages of hydroelectric power (because of low water levels in some reservoirs and breakdowns of equipment) caused a general rural shortage of energy."

The demand for energy is in the meantime still growing. The Indian economy is confronted by higher import prices for capital goods and reduced demand by consumers caused by inflation. On top of all these troubles there are transportation problems, strikes, and the traditional difficulties under the limitations and time consuming procedures imposed by the Indian bureaucracy. Not suprisingly the end result is stagnating productivity. Many plants operate far below capacity, unemployment is on the rise, shortages of production goods fan inflation and export opportunities are unfortunately lost. The situation led to all kinds of painful paradoxes. Fertilizer plants operate far below capacity while India is forced to sell foreign assets for expensive fertilizer. The steel industry operates at less than 50 percent of its capacity while steel is being imported. Vicious circles are abundant. Steel plants receive inadequate coal deliveries. Coal mines complain that they are unable to persuade the railroads to carry coal to the steel factories. The railroads complain that they get insufficient freight cars to transport coal. Factories producing freight cars complain that they do not get enough steel to produce. Where I mention India, it can be replaced by nearly all oil importing countries of Asia, Africa, Latin America and the Caribbean.

Attention Needed

Up till now, Suriname escaped this crisis because of the enormous development assistance and we are almost beginning to believe that we are unique and not part of the Third World.

The present situation in our country is comparable to the situation before the October war. If the development assistance is used up, our foreign exchange position will quickly deteriorate and we will not be able to pay for imported oil.

Now that we are still able, it is imperative to give first priority to development of our own energy sources. Our energy policy is an important part of our general policy and greatly influences other aspects. In formulating an energy policy we have to keep a number of factors in mind.

The following aspects are especially important:

1. Changes in the production structure of the economy as a whole which can be expected during the development period or which are planned.
2. Costs of the various energy sources.
3. The flexibility of the energy sources.
4. The location of ownership and management of the energy sources.
5. The economic political and social consequences of various instances of increasing energy use.

Oil Politics

It is essential to a Third World country trying to develop an energy and oil policy in accordance with its other goals in the area of general economic development to pay attention to these five points.

Moreover, every economic development plan is directly influenced by the energy and oil policy and the development plan itself also greatly affects a nation's energy and oil policy. An intelligent energy policy must also heed the important economic consequences which can come up as "extra phenomena." The development of hydroelectric power for instance also serves other purposes in addition to energy, like irrigation. As regards extra economic phenomena, a consideration most likely taken into account when designing an oil policy is that one's own petrochemical industry can become an important base for economic development.

In conclusion, every oil and energy policy has, in addition to economic consequences, all kinds of important political and social economic consequences which must be given attention. A government should therefore consider the following:

Is a nation, because of its energy policy, vulnerable to an energy boycott, and to what degree? What will be the influence of a solution to the problem of the choice between a government and a private sector on the political forces in the country?

Social Consequences

In the long run the social consequences of the various concepts for the development of the energy sector can also be of great importance. Development of an important hydroelectric project including irrigation could ultimately completely change the circumstances in a region. Such a project could result in a big increase of productivity, a big improvement in a standard of living of the local population,

and a radical change in social relations between the various groups of the region. Moreover, most rural areas do not have electricity and oil lamps are the only source of light. Organizing a campaign to teach the people reading and writing could make it necessary to permit and stimulate an increase in the use of oil.

On the other hand, lack of compliance with an increase in the demand for oil could have harmful effects on literacy and consequently slow down the growth in productivity and improvements in social relations. It is therefore evident that the possible results of an energy and oil policy could affect many areas and exert its influence on both domestic and foreign relations. For this reason development of an oil policy is simultaneously affected by domestic and international forces.

Hydroelectric Power

In Suriname we have two potential sources of energy at our disposal, namely hydroelectric power and oil. I believe that both should be developed with utmost priority. By establishing the Central Study Group Kabalebo, the government took an important step in the right direction. Kabalebo's hydroelectric power potential is a powerful national asset which should only be developed with the utmost professional participation of our available national sources of expertise and leadership to arrive at the best possible results for our people. Intelligent management can make this national resource a splendid economic weapon to bring our present economic activities in better alignment with our national goals and simultaneously reduce (oh, paradox) the influence of multinational enterprises on our economy to acceptable proportions. A wavering attitude can only weaken our position; we would miss an important chance to establish our economic and consequently our political independence.

Command Post

The other potential source of energy is fossil oil. Oil is, generally speaking, the most flexible fuel for Third World countries. It can be used immediately for heat energy (industrial boilers, home ovens, etc.), all forms of transportation, lighting, and for generating that very important second source of energy: Electricity. Oil can satisfy several demands which, under the present state of technology, cannot be satisfied by other sources of energy (for instance, this is the case with fuels derived from oil which are used in road and air transportation). Certain oil products can also be used for different purposes (kerosene is used to light homes but also as fuel for airplanes, and diesel oil is used for locomotives and stationary engines). Moreover, oil products are essential for defense purposes which clearly explains why refineries are "command posts" of the economy.

Suriname's oil potential is in the North in a sediment basin which extends over more than 165,000 km². Of this area about 25,000 km² is on land, the rest is on the bottom of the sea, and is divided in two parts, namely a shallow basin (to a depth of 200 m) of about 65,000 km² and a deep water basin larger than 75,000 km².

Aspirations Stated

The establishment of the State Oil Company Suriname N.V. at the end of last year is another important step by the government to find the answer to increasing depletion of our foreign assets as the result of rising oil bills. With the

foundation of the State Oil Company our government expressed at the same time our people's legitimate aspirations: That the income from our natural resources and, in particular from potential deposits of oil, should to its fullest extent be used for the social, economic, and political development of our people and that this resource must only be developed while maintaining full sovereignty and power of management.

With this strategic idea in mind the State Oil Company, in the name of and on behalf of the state, alone or with the help of third parties should begin the exploration of our fossil oil.

Systematic

In the execution of its tasks the company should make rational evaluations and comparisons of cost and income of potential deposits of oil. This should be done systematically and consistently, as:

- a. Compiling all relevant data on the territory in question. Here can be used: Data of earlier exploration activities; one's own execution of certain (relatively inexpensive) seismic explorations;
- b. Drafting various outlines for oil production based on the above mentioned data;
- c. Computing estimates of annual exploration, development, and production costs including the duration of possible production for each field;
- d. Establishing annual yields for each field under various outlines by estimating a number of parameters;
- e. Establishing the net cash flow for each field.

When these studies are done the company considering available funds and the risk factor must decide on the best method to conduct research and start eventual production: "Alone, or with the help of third parties."

Cooperation

If the company is by itself unable to begin the exploration and exploitation, it will enter into cooperation with other companies (service contracts). This creates the following tasks for the company: Drafting model contracts, inviting contractors, and opening discussions leading to the following goals:

- a. To see to it that the role of contractors is reduced as much as possible to "performing technical services" for the company. In other words, expanding the power of management over the oil industry and securing that most advantages from the oil are for our country;
- b. Internal spontaneous control through active participation in operation and management.

Such control must exert its influence on: Determining production; establishing prices; degree of continued exploration and development activities; the role of the oil industry in the national economy; policy concerning conservation; etc.;

- c. Acquiring missing technical and leadership expertise to reach the final goal: Getting the most out of oil revenues by doing ourselves the exploration, production, refining, and marketing.
- d. By sharing the production results in kind the company can explore the market with its share of the crude, find lucrative outlets little by little for its share of the oil, and acquire real understanding of the international oil market and the way in which prices of crude oil are established.

Sixty Million

During the past 20 years the exploration of oil in our country was mainly done by foreign private companies under the Colmar and the Shell agreements. Government participation was almost negligible. It was nevertheless the Department of Geology and Mines which first proved the existence of fossil oil in our country in the Saramacca District.

Under the above mentioned concession agreements a total of between 60 and 70 million U.S. dollars was spent in Suriname.

It resulted in: 30 wells on shore; 7 wells at sea and 20,000 seismic profiles at sea.

A temporary analysis of the existing onshore data shows the advisability of reserving this territory for the State Oil Company itself to manage the oil found in Saramacca itself, and to work on further developments as a risk-bearing enterprise.

The company made some intelligent moves and earned at the start of this year the funds to secure an evaluation program for three wells and the missing technological expertise.

Top Priority

The Colmar agreement is still in force in the deep offshore area.

The partners are now: Esso 45 percent; Shell 27.5 percent; Elf 25.5 percent; Eurafrep 2 percent.

Since the deep sea drilling of 1978, the activities were stopped and the companies are now evaluating their positions.

In the shallow offshore basin Gulf Oil Corporation has a service contract for about 14,000 km².

Evaluation of this basin's potential is the company's top priority but lack of national experts and funds are big obstacles.

This basin is very similar to the oil-producing East Venezuela basin. Exploratory discussions are underway with oil companies about exploration contacts in other parts of this basin.

In spite of the present state of modern technology there is still a big risk factor in oil exploration. However, with government and private support the company will at the end of this year begin with a modest commercial production of oil; not economic results but acquiring technology are here most important.

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10319

CSO: 3105/176

INTER-AMERICAN AFFAIRS

BRIEFS

PERUVIAN CONCERN OVER CHILEAN PRISONERS--Lima, 22 Sep (AFP)--It was disclosed here today that the Human Rights Commission of the Chamber of Deputies has voiced its concern over the possibility that three Chilean political prisoners could be sentenced to death at a summary trial in their country. This concern was expressed in a message sent to Chilean President Gen Augusto Pinochet by the president of the aforementioned commission, deputy Rafael Vega Garcia. The message voices concern over the fact that Guillermo Rodriguez Morales, Adalberto Jara and Eugenio Cristian Pizarro have been summoned for court martial. After pointing out that the three political prisoners could be sentenced to death in a summary trial, the message states: therefore, we resort to you to request that judicial guarantees and the internationally recognized human rights be observed in order to safeguard the lives of the aforementioned political prisoners. [Text]
[PY241544 Paris AFP in Spanish 0413 GMT 22 Sep 81]

CSO: 3010/12

DROUGHT IN CENTER-SOUTH REGION, WHEAT PRODUCTION DISCUSSED

Comparable to 1975 Drought

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 24 Sep 81 p 35

[Text] The problems faced by the Northeast, after more than 1,000 days without a steady rain (the occasional heavy rains that cause flooding and burst dams increase the problem rather than solving it), are beginning to be faced by the developed states of the Center-South, where the drought of over 3 months is being compared to that of 1975, the worst in a period of 20 years.

In recent days there has been considerable rain in Rio Grande do Sul and in Santa Catarina, because of special atmospheric conditions: the center of the tropical-air mass dominating the Center-South has very high pressure, preventing the cold-air masses from Argentina from penetrating the region, remaining over only the two southern states.

The drought occurring in the Center-South, like that of 1975, follows a frost during the month of July (in 1975, the severe frost was on 18 July; this year, on 20 July) and is creating rather unprecedented situations: the governor of Parana will ask the federal government to provide 8 billion cruzeiros for opening work fronts in the state to take care of workers forced from the field. The frost resulted in eradication of coffee plantations and it is estimated that about 100,000 workers will be unemployed because of the drought.

A survey of the situation in major states indicates that, at the least, the government's goal of progressively larger harvests is threatened. Without taking into consideration the Northeast, where the problem is also one of drought, planting of all crops is delayed in Mato Grosso, Mato Grosso do Sul, Minas Gerais, Rio de Janeiro State, Parana and even Rio Grande do Sul and Santa Catarina. The common characteristic in the rural parts of these states is the forest fires that affect large areas. In Mato Grosso, for example, the municipality of Colider was almost totally affected by fire, which destroyed about 300,000 coffee trees. In Mato Grosso do Sul, a rain that occurred Monday served only to put out fires in the rural area.

In Minas Gerais, scattered rainfall occurring in July benefited pastureland, but was not sufficient to permit planting at the usual time. Prospects are optimistic, however, as specialists hope the situation will return to normal later this month. Planting, they say, can begin as late as the beginning of October without jeopardizing agriculture.

Emergency

From Bahia to Maranhao, the Northeast is one big picture of unemployment, poverty and hunger. The worst drought in 10 years. In Bahia, 184 municipalities are in a state of emergency declared more than 2 years ago; in the state's northeastern region, the hardest hit, the rivers are dry and water is supplied by a tank truck from a distance of over 100 kilometers.

In Sergipe, 32 of its 74 municipalities are in a state of emergency and from the backlands comes word that refugees are fleeing en masse, because work fronts employ only 4,000 of the 12,000 needy workers.

The semi-arid region of Pernambuco, which constitutes 80 percent of its area, has had no rain for over 3 years, as is the case throughout the Northeast (the exception is the humid coastal zone of Pernambuco); they say there are 70,000 unemployed. In Paraiba, 114 municipalities in a state of emergency are losing an estimated 4.34 billion cruzeiros in uncollected ICM [tax on movement of merchandise]; politicians yesterday began accusing each other of using the anti-drought emergency program, which is making another registration of workers, for election purposes.

Ceara has 94.9 percent of its territory within the anti-drought emergency plan, constituting 140,533 square kilometers and 128 municipalities, most of which are being supplied with water by tank truck. About 200,000 workers are being helped by the emergency plan; emigration is massive.

Rio Grande do Norte has 114,000 unemployed in its assistance plan and is already counting the losses: of the expected crop, only 40 percent of the cotton crop, 20 percent of the bean crop and 5 percent of the corn crop will be harvested.

Wheat Production Decline Stemmed

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 24 Sep 81 p 35

[Text] Brasilia--Losses from this year's wheat harvest will probably not be so bad as forecast in August by the Production Financing Commission (CFP); that is, whereas it predicted a decline of about 700,000 tons, the drop is now expected to be only 400,000 tons. This means that Brazil's wheat crop could be 1.9 million tons, and not 1.6 million, as was predicted previously. Until June 2.3 million tons were expected.

In reporting the information yesterday, the Agriculture Ministry explained that it was based upon the judgment of its experts and that of the Bank of Brazil's Wheat Marketing Department, which based its estimate on purchases made so far in the states of Sao Paulo and Parana.

According to the data supplied by the ministry, production in Sao Paulo is exceeding expectations. The Bank of Brazil has bought about 85,000 tons and it is hoped that production will reach 100,000 tons, whereas the previous forecast for Sao Paulo wheat was between 50,000 and 60,000 tons.

As explained by the wheat analyst in the Agriculture Ministry, Renato Zadonade, this change in the forecast may have come about precisely because of the very frost which

itself was responsible for the lower production of wheat, as it is quite difficult to make forecasts under the influence of this type of climatic condition. He believes that, despite the very significant reduction in the area planted to this crop, producers paid greater attention to improving their technique. Hence, the product's yield was much higher than in previous years.

In Parana, whereas 450,000 to 550,000 tons were forecast, a total of 800,000 tons are now expected, as 600,000 tons have already been purchased. In Rio Grande do Sul, 1 million tons are now expected, rather than 900,000 tons. The rest of the output will come from the cerrado [savanna] region.

8834

CSO: 3001/2

FOREIGN DEBT REACHES \$56.15 BILLION BY END OF JUNE

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 23 Sep 81 p 26

[Text] Brasilia--The Central Bank reported yesterday that Brazil's foreign debt reached \$56.15 billion by the middle of this year, an increase of 4.3 percent for the 6 months. Reinaldo Domingos Ferreira, spokesman for the bank's president, characterized as "absurd and unfounded" the report by the weekly bulletin ANALISE that the International Monetary Fund (IMF) approved a stand-by credit to Brazil for a total of \$9 billion, in three equal installments of \$3 billion.

During the first 6 months of this year, Brazil recorded entry of \$6.59 billion in currency loans plus \$1.1 billion, which together were insufficient to cover the current-account deficit of \$5.86 billion plus foreign-debt repayment of \$3.35 billion.

With entry of a favorable balance of \$394.8 million under the heading of errors and omissions in the nation's balance of payments, compared with a negative balance of \$588.5 million during the first 6 months of 1980--a difference of \$983.3 million--the aggregate foreign-accounts deficit fell from \$3.61 billion to \$831.3 million in the first 6 months of this year.

Important in the current-transactions deficit was the negative balance of \$5.67 billion which included net payment of \$4.42 billion in interest to foreign creditors. Reduction of the trade-balance deficit to \$316.2 million prevented the current-account deficit from being even greater.

To cover the deficit of \$831.3 million in the balance of payments for the first 6 months of this year, Brazil reduced its exchange reserves from \$6.91 billion in December 1980 to \$6.15 billion in June 1981. Net foreign debt increased 6.5 percent during the 6 months and reached \$50 billion, compared with an expansion of 4.3 percent for the gross debt.

8834

CSO: 3001/2

AIR MINISTRY APPROVES CONSTRUCTION OF DIRIGIBLE PLANT

Rio de Janeiro O GLOBO in Portuguese 22 Sep 81 p 17

[Text] Belo Horizonte--The Air Ministry yesterday told Jose Justino Braga Netto, president of Pegaso Industry for Aerial Devices and Special Heavy Transport, Ltd, that it has approved construction of a factory for building dirigibles in Divinopolis, 120 kilometers from Belo Horizonte. The ministry declined, however, to participate in the company's financial structure.

With this approval, the Pegaso president and one of its directors, Abelardo Bruning, will go to Mulheim, FRG, in the next few days to sign a final contract with the West Deutsch Luftschist (WDL) for forming the binational entity Pegaso-German Industry for Special Aerial Devices and Heavy Transport. The initial capital of the company will be 400 million cruzeiros and is to be fully paid up by the partners by next February.

The dirigible company had made two other requests of the ministry: a market monopoly for a period of 10 years and permission to import two WDL-I dirigibles, with a capacity to carry 2 tons. Control of the market was left open, as the ministry, according to its communique, has no such power. The import license will be given by CONTATC [expansion unknown], the interministerial agency that controls importation of airships.

Participation

The Air Ministry's refusal to participate in the enterprise will not affect its installation. In fact, at no time did Pegaso ask for such participation.

"What we wanted," said Braga Netto, "was the ministry's approval; as we will be building flying objects, we will have to have its authorization."

Pegaso should begin building its dirigibles after the beginning of 1983. Four WDL-I models will be built the first year. They are 60 meters long and 18 meters high and can carry 2 tons. One model WDL-III, which is 120 meters long and 37 meters high and can carry up to 60 tons, will also be built. The smaller models will be used for publicity and the WDL-III will be used for hauling freight.

8834

CSO: 3001/2

BRIEFS

AMAZON REGION GOLD PRODUCTION--Brasilia--Gold production in the Amazon region reached 9.8 tons in 1980 and 7.3 tons from January to September of this year, due in part to beginning operations at the Cumaru field in March, according to information from the Mines and Energy Ministry. So far Tapajos production has reached 4 tons (average price is 1,461 cruzeiros per gram), while Cumaru produced 1,3 tons. The estimate for the entire year of 1981 is that gold production in the Amazon region will exceed 11 tons. This is despite lower production at Serra Pelada, where 6.5 tons were produced in 1980, whereas this year the total has not yet reached 2 tons. The goal of Mines and Energy Minister Cesar Cals is for national production to reach 60 tons annually by 1985. According to experts of the Mines and Energy Ministry, Serra Pelada, because it is alluvial, "has already given what it has to give." At the height of operations last year it was felt that the site would be promising for several years. But that belief is now fading. Last year 25,000 prospectors were working at Serra Pelada, but today it is estimated that there are only 10,000 there. It is also mentioned that smugglers are operating with impunity, buying gold for a price 50 percent higher than that offered by the Federal Savings Bank [CEF]. The CEF is buying a gram of gold for 1,330 cruzeiros. [Excerpt] [Sao Paulo O ESTADO DE SAO PAULO in Portuguese 22 Sep 81 p 17] 8834

CSO: 3001/2

FRENCH-MEXICAN STATEMENT ON EL SALVADOR SCORED

Bogota EL TIEMPO in Spanish 31 Aug 81 p not given

[Article: "The Debray Doctrine"]

[Text] The French and Mexican decision to give tacit recognition to the Salvadoran guerrillas, giving them status as a political movement and adding a measure more of confusion to the difficult Central American situation, is not surprising, but it is unexpected. With the naming by President Mitterrand of the extremist who participated so extensively in the consolidation of the Castro regime and later with his proven and open intervention in support of the Bolivian uprising, everything points to the supposition that his designation as adviser for Latin American affairs may chart a course different from that traditionally followed by the French in dealing with the Latin American problem.

The Franco-Mexican decision is important because it encourages subversive movements. It is one more indication of the way Europeans look at our countries. Basically they feel a certain disdain for the Spanish-American countries, perhaps rooted in their traditional antipathy for Spain. For the French, we are all "banana republics" where oligarchic castes, dependent on imperialism, manipulate Argentina the same as El Salvador, Colombia like Guatemala, or Venezuela like Haiti. They are ignorant of the dissimilarity of our problems and are unaware, because of laziness and arrogance, of the abyss which exists, for example, between Costa Rica and Nicaragua.

What we call the "Debray Doctrine" will, if accepted, institutionalize revolutionary movement by ignoring and by severing with one stroke the tradition of the democratic Spanish-American countries. It opens a breach between Mexico and Venezuela, countries which, thanks to their economic superiority, were beginning to have some influence in the volcanic Caribbean, and paradoxically it will serve to support the guerrillas. In addition, it will encourage supporters of a strong policy in the United States to reinforce the present governments and defend that country against the possibility of a European influence which goes against the principles of the "Monroe Doctrine".

The Franco-Mexican attitude is also illogical. France keeps absolute silence concerning the atrocities committed by the Soviet Union in Afghanistan, does not express solidarity with the Afghan rebels and tries to appear, hypocritically, neutral in the fact of the threats and atrocities committed by the Soviets in that country. It gives asylum to former minister Bani-Sadr, but on the other hand does not recognize as a political movement those who today are fighting the Ayatollah and are his daily victims, guilty only of opposing the fury of the Islamic dictator. France, where

there are separatist movements with guerrillas like those of Corsica, should, rather, take into account the recognition of these ardent fighters against the central French Government and give them the same status granted the Farabundo Marti movement.

The unreality of the Franco-Mexican statement is not good news for the republican governments of America, victims of guerrilla groups who are enemies of the democratic system and friends of totalitarian regimes such as exist in Castro's Cuba or in Nicaragua today, slowly transformed into systems of oppression, where each day freedom of opinion is eclipsed a little more.

8735

CSO: 8048/1749

ECHANDI'S PROPAGANDA CAMPAIGN CHALLENGED, ORDERED SUSPENDED

PLN Complaint to TSE

San Jose LA NACION in Spanish 19 Aug 81 p 6A

[Text] The political propaganda currently being published in various news media by the National Movement Party, which is backing the candidacy of atty Mario Echandi, was challenged yesterday before the Supreme Electoral Court (TSE) by the National Liberation Party (PLN).

The dissident Democratic Renewal Party [PRD] faction also appeared before the Electoral Court yesterday and denied the existence of the Unity Coalition, claiming that the coalition was specifically composed of the PRD and the Calderonist Republican Party, whose national assembly expelled the PRD from the coalition on 19 June.

The National Movement Party also announced yesterday that a list of so-called candidates for parliament, published in various media, was not submitted by that political group.

Challenge

The PLN general secretary, Dr Oscar Arias Sanchez, its legal adviser, Dr Fernando Mora Rojas, and the party's legal counsel, atty Antonio Tossi Bonilla, appeared before the TSE to challenge the Echandist propaganda.

The PLN members repudiated the use of the word "farce" in the National Movement's propaganda to refer to a series of situations which have recently developed in the PLN camp.

In its allegation, the PLN stated that the dictionary of the Royal Academy of the Spanish Language defines the word "farce" as a seriously offensive expression: "Name formerly given to plays. Company of actors. Disorderly, vulgar, grotesque dramatic work. Intrigue, scheme to simulate or deceive."

"Moreover," it added, "in keeping with the moral and legal principle of integrity in the proceedings themselves, the use of an emblem comprised of a television screen framing the photograph of Mr Luis Alberto Monge with the caption 'The Policy of Truth' is an act of unfair propaganda which cannot be tolerated by the TSE."

The TSE was finally requested to ban such publications.

Nonexistence

In other proceedings, the so-called Democratic Renewal dissidents, led by atty Rodrigo Madrigal Montealegre, appeared before the magistrates of the Electoral Court yesterday to refute the claims of Unity Coalition presidential candidate Rafael Angel Calderon Fournier.

According to Madrigal Montealegre, the claim that the Unity Coalition exists is false, since the original signatories of the coalition are the Democratic Renewal and Calderonist Republican parties, and with the expulsion of the former party, the coalition ceased to exist.

"Possibly," the political leader stated, "a new coalition could have been formed, but at this time the one originally established by the Calderonist Republican and Democratic Renewal parties no longer exists."

Atty Madrigal Montealegre also pointed out to TSE magistrates a series of irregularities, in his opinion, which have occurred in the assemblies recently held by the Democratic Renewal Party, during which a series of leaders were ousted because they refused to submit to atty Calderon Fournier.

According to Madrigal Montealegre, those who claim that they wish to eradicate the country's vices of the last 30 years really mean that they want to introduce those of the 1940's.

"We will therefore," he said, "provide evidence of the irregularities committed in the provincial assemblies recently held by Democratic Renewal and convoked by its chairman, Dr Oscar Aguilar Bulgarelli.

Two Assemblies

Democratic Renewal's situation has again become one of confusion and thus at the present time there are three factions, perhaps two of which are convergent.

One of these factions is led by Dr Oscar Aguilar and is supporting atty Calderon Fournier. Another group is headed by atty Madrigal Montealegre and is seeking a candidate to compromise with forces opposed to the PLN. The third faction is led by atty Juan Jose Echeverria Brealey, whom it is backing because Democratic Renewal will participate in the upcoming elections with candidates for parliament and municipal councilmen and officials. According to atty Madrigal Montealegre, the last two groups have certain views in common.

The first two factions will hold national assemblies on Saturday. Dr Oscar Aguilar's group will try to rejoin the Unity Coalition and to replace Oscar Mario Rodriguez and Madrigal Montealegre as political leaders.

According to atty Madrigal, this position consists of yielding to the interests of atty Calderon Fournier. Such a view is rejected by Legislative Assembly member Roberto Tovar Faja, however, who believes that Democratic Renewal will not surrender to Calderonism and will remain a worthy member of the coalition.

The second assembly to be held is that of the dissident group. Its agenda is not yet known.

National Movement

In the meantime, the Echandist group yesterday circulated a communique stating that its leadership has not yet submitted the name of any candidate for parliament and that it expects its national assembly to perform that task.

The communique added that everyone mentioned by the news media as a possible candidate is an honorable and distinguished citizen who respects that party and would be worthy representatives of the people.

The party also announced that its national assembly, which will nominate the candidates, will be held on 5 and 6 September.

TSE Suspension Order

San Jose LA NACION in Spanish 21 Aug 81 p 4A

[Text] The Supreme Electoral Court (TSE) yesterday ordered the suspension of the National Movement's propaganda campaign against PLN presidential candidate Luis Alberto Monge Alvarez.

Monge meanwhile issued an appeal against inciting either a class war or open conflict between political parties. Presidential candidate Rafael Angel Calderon Fournier also cautioned that his party, the Unity Coalition, might possibly be prevented from participating in the February elections. The National Concordia Party announced the names of its parliamentary candidates from San Jose and Cartago.

With regard to the complaint filed by the PLN general secretary, Dr Oscar Arias Sanchez, concerning propaganda published in the press by the party backing presidential candidate atty Mario Echandi, the TSE magistrates agreed with the PLN's arguments.

The Echandi supporters had published a notice in which they used an emblem containing a photograph of Monge Alvarez and described the PLN candidate's statements as a "farce."

It was the opinion of the magistrates that the publication in question did not conform to the requirements of the Electoral Code and that "one political party cannot be permitted to use another party's emblems in its propaganda."

Monge

Candidate Monge Alvarez also said yesterday that the current political debate is not considering the possibility of a class war and open conflict between participating political parties.

Speaking before members of the American Chamber of Commerce of Costa Rica in the Kamakiri Room, Monge stated that although he recognized the seriousness of the economic crisis, he was still optimistic and said that "we have reasons to believe

that Costa Rica can be added to the list of countries which have emerged stronger and revitalized from other serious political and economic crises."

He pointed out that he is concerned about three basic issues: the uneven balance of payments, inflation and unemployment.

Monge Alvarez said he was in favor of increasing production, but that he felt it was necessary for the public and private sectors to work together.

He offered to establish a tax policy that would view private enterprise as a source of jobs, production and capitalization rather than as a source of tax revenue.

He also mentioned the need for an economic stabilization plan that would include setting a definite rate of exchange for the colon and gradual support for industry "so that it can become more competitive in ever broadening markets and without forcing it to cope with abrupt changes which hurt the economy in the short term."

Monge urged the businessmen to "improve and refine" human relations in their companies.

Before answering questions, he announced that his party plans to introduce a bill designed to attract major banks to establish offices in Costa Rica, but he explained that in view of the fact that his party supports the policy of bank nationalization, he was offering neither mixed banking nor abolishment of the banking monopoly.

He nevertheless criticized the national banking system, which he believes has become "negligent" concerning financing for production and announced its reorganization under a possible PLN government.

With regard to the debate concerning the need to make the Central Bank independent, the presidential candidate said that coordination between its board of directors and the government will continue but that "maximum" autonomy will be granted in the case of its administrative and technical policies.

Monge announced that he will try to strengthen the areas in the hands of the private sector. Although he said that he could not offer to repeal laws authorizing the government to act as operator of the Costa Rican Development Corporation (CODESA), he said that the government will sell its consolidated companies to the private sector and that he will fight for the reorganization and restoration of the Central American Common Market (CACM).

Inconsistency

The Unity Coalition's candidate, atty Rafael Angel Calderon Fournier, meanwhile stated that there was an inconsistency in the decisions which the TSE handed down on Wednesday concerning his party.

He said that the first of those decisions granted the Unity Coalition legal status and "upheld our view that the coalition still exists, that it could be modified and that it now consists solely of three parties, whereas the second decision, issued in the afternoon and in spite of the coalition's right to be composed of three parties, which was recognized in the morning, eliminated our prior financing for participating in the elections."

Calderon Fournier also said that although no problems are anticipated concerning the decision of the PRD national assembly on Saturday to rejoin the coalition, in the event that it does not do so, then one of the major parties, with a large debt, would be left without financing, which would prevent it from participating in the elections. "They would be barring the way for a major political group to fully participate in the election," he said.

He added that if the PRD does not rejoin the coalition, "we will continue to fight" and denied that his party is suffering from lack of financing, since before the political debt fund was frozen, it had withdrawn 7 million colones, enough to meet expenses until September.

Candidates

Finally, the Costa Rican Concordia Party announced that its national assembly has selected its parliamentary candidates from San Jose and Cartago.

Atty Estela Quesada, Emilio Piedra Jimenez, Oscar Saborio Alvarado, Liana Gonzalez Alvarado, Dr Miguel Eduardo Alfaro Davila, Andres Borrasc Sanou and Edgar Cardona Quiros will participate as parliamentary candidates from San Jose.

The candidates for Cartago are Messrs Roberto Salazar Madriz and Rolando Alberto Pacheco.

The chairman of Costa Rican Concordia, Mr Emilio Piedra, said that his party's candidates constitute a "parliamentary ticket capable of defending our democracy."

In conclusion, he noted "the spectacle of domination which three communist representatives currently exercise in the Legislative Assembly, manipulating 53 representatives at will." He said that reminded him of the need for legislators such as those nominated by Costa Rican Concordia.

11915

CSO: 3010/1777

MINISTER OF PLANNING DISCUSSES ECONOMIC SITUATION

San Salvador LA PRENSA GRAFICA in Spanish 22 Aug 81 pp 4, 25

[Excerpt] The fall of the price of coffee, the reduced exportation of sugar and the suspension of commercial credit are some of the more important reasons for the decline in our country's foreign exchange.

Atilio Vieytez, minister of planning, reported this yesterday. He also gave a general explanation of the national economic policy.

He said that credit had been suspended by the Bank as well as by the suppliers of raw materials. He said that previously credit had been extended to merchants and that because of the situation in the country it had been suspended.

The official stated that in order for El Salvador to obtain foreign exchange "since we cannot count on the price of coffee rising enough to achieve a trade balance for the country, the only possibility is for us to look for financing. The government has been able to get large amounts of financing," and he added, "only a week before the August fair the government got \$37 million from the IMF [International Monetary Fund] and \$24.9 million from USAID [United States Agency for International Development] all earmarked for the industrial sector. That makes \$61 million.

He stated that in the last few days the money situation has improved for the production sectors and that it will continue improving from now on because the banks are beginning to have faith in the country, and they are starting to loan money to our banks and they in turn, to the users.

He talked about economic stability and some of the causes of inflation. In this country things can take place such as those which took place in 1980, especially before the nationalization of the Bank. The deposits in the banks, which are the important factor in the money supply, decreased, then people withdrew money in the form of cash and kept it under the bed.

Then, in order to maintain production, to compensate for this drop, the Central Bank produced the money and lent it to the banks. But as the deposits have gone up, the Central Bank has been withdrawing the money. What is important is to maintain at all times a balance between the supply and demand of money, Vieytez asserted.

On the subject of the increase in prices, he said that when more money is available than is needed to buy what the country produces, that excess of money shows up in an increase in prices.

He said that El Salvador has an average rate of inflation of 1.5 percent per month, which is an annual rate of 18 percent.

9204

CSO: 3010/1827

MINISTER BOBADILLA DISCUSSES FOOD SELF-SUFFICIENCY

Guatemala City DIARIO DE CENTRO AMERICA in Spanish 27 Aug 81 p 4

[Text] Dr M. V. Francisco R. Bobadilla Palomo, minister of agriculture, attended the third Animal Health Conference in Buenos Aires, Argentina. It was organized by the Interamerican Institute of Agricultural Cooperation. He also attended the first regular meeting of the Institute. Both meetings took place during the first two weeks of August 1981. He informed the media that in comparison to many of the countries of the world, including some of the great powers, Guatemala is and will continue to be envied with regard to its production of proteins of vegetable and animal origin. Our country can now speak of proteins and minerals coming from our oceans, lakes and rivers, with reference to the production of fish and other forms of aquatic life.

It can be said that Guatemala, in spite of the small size of its territory, has a strong and solid economic potential and the security of its food supply is notable.

The minister said, "I would like many Guatemalans to travel outside the country so that they could see what is taking place in other countries where inflation reaches 110 and 190 percent, where it is almost impossible to live."

"If it is true that certain people of bad faith have discredited Guatemala on an international level it is also true that thousands of foreigners recognize the work that is being done in this country. There are times when some people comment about the Guatemalan agricultural and animal raising policy. I ask myself if it would not be better for them to send a note to or come to my office to make suggestions instead of talking nonsense.

The minister of agriculture concluded by saying that in the agricultural and live-stock sector, whether it be in the centers of production of basic grains or in the centers of production of food of animal origin, there is an appreciation of the effect of the policies contained in the government plan of Gen Lucas García, president of the republic. Finally, Doctor Bobadilla said, "Today the people have food."

9204

CSO: 3010/1827

INDUSTRIALISTS SUPPORT EFFORTS TO SOLVE TRADE PROBLEMS

Guatemala City PRENSA LIBRE in Spanish 28 Aug 81 p 2

[Text] The Chamber of Industry of Guatemala (CIG) yesterday declared its full support for the efforts that Valentin Solozano, minister of economy, is making to find a solution to the trade problem between Guatemala and Honduras.

The CIG states that the tax of 10 percent (tariff surcharge), levied by Honduras on the imports coming from other countries in the area, violates the 1973 bilateral trade agreement signed by our country and Honduras.

The CIG also states that before the surcharge was imposed the business sector of Honduras had stated that the establishment of the tax would be harmful because, as they pointed out, it would create problems with the Central American countries with whom Honduras has signed bilateral trade agreements, which has in fact occurred.

--After the Honduran tax was levied, Nicaragua established a similar one for Honduran products; in this way free trade between Honduras and Guatemala and between Honduras and Nicaragua has been suspended.

--The suspension of this trade is adversely affecting production in Honduras and in Guatemala. Unfortunately, the Honduran Government has not accepted any of the proposals presented by Guatemala and it remains firm in its position of charging 10 percent.

Roberto Velasquez Oliva, head of the Chamber stated:

--The Guatemalan Government and the CIG do not accept this tax and with good reason. In addition to violating the bilateral trade agreement signed by the two governments it places Guatemalan products at a serious competitive disadvantage.

--We must bear in mind that most Guatemalan products must pay a tax of from 5 to 25 percent in order to enter Honduras while Honduran products enter Guatemala without paying any tax. To accept the additional 10 percent tax would put Guatemalan industry in a worse position.

In conclusion, Velasquez Oliva said that the Chamber is strongly supporting Gilberto Gorzo Illescas, vice minister of economy, who is in charge of economic integration affairs, and is urging him to continue in his search for a satisfactory solution.

ARUBAN PARTY REPLACED IN GOVERNMENT COALITION

Rotterdam NRC HANDELSBLAD in Dutch 4 Sep 81 p 3

[Article: "Antillian Cabinet Crisis Quickly Resolved"]

[Text] Curacao, 4 September--The crisis in the Martina government of the Antilles is solved. The Democratic Party of the Windward Islands (Saint Martin) decided to support the government.

The government got in trouble when the three MEP (Aruba) ministers resigned. They did not agree with the so-called Oil Protocol which regulates how income from exploration and exploitation of oil will be divided between the central government and the islands separately.

Martina can now count on a majority consisting of 12 seats in a parliament of 22 seats. Except for the already mentioned Windward Islands party, this majority exists of the Curacao based parties MAN and DP, and Bonaire's UDP. As soon as possible it wants to solve the problems surrounding the political structure of the Antilles. It also intends to realize Aruba's political aspirations within six months.

MEP Reaction

Bettico Croes, MEP's leader (who left the government) reacted fiercely when he learned of the Winward party's decision to support the government. He thought it very likely that Aruba will ask the Netherlands to make its independence a point of order based on the so-called island arrangement.

Plans

The four coalition partners declared that a number of questions should quickly be resolved, like the Tax Protocol with the United States, and that steps ought to be taken to arrive at a summit conference of the realm. Moreover, all parties represented in the Antillian parliament will be invited to attend a discussion on the present situation.

Martina said also that, for the time being, he will manage the departments of the MEP ministers who just resigned. The support of the Windward Islands party did

not include a claim to a cabinet post. Discussions will be held to take care of the cabinet vacancies.

Governor Leito returned in the meantime from the Netherlands to the Antilles. He consulted already with his deputy, Lope Beaujon, and with Prime Minister Martina.

10319

CSO: 3105/177

PUBLIC OPINION POLL ON REPUBLIC, ANALYSIS

Gallup Poll

Panama City THE STAR AND HERALD in English 13-15 Sep 81

[13 Sep 81 pp A-1, 10]

[Text] Editor's Note

The Star & Herald Company has acquired the exclusive rights of publication of a novel study or public opinion poll regarding political, social and economic aspects of the Republic of Panama. The effort was made by Gallup International Research Institute.

This is the first of a projected series of studies that will be conducted by the Institute during the forthcoming months, which will serve as a guideline to determine the socio-economic behavior of the Panamanian people and its leaders.

The polls shall be taken three times a year and no political organization or official institution will take part in their elaboration.

Today we present in a summary newspaper manner the partial result of the first poll study which comprises the metropolitan group including the areas between Panama City to the south and Colon to the north, with the city of Chorrera to the extreme west and Tocumen/Chopo at the extreme east.

The poll included a total of 766 Panamanian adults representing all socio-economic types. It must be pointed out that among the most important problems encountered in the realization of this study was the fear of persons interviewed to offer this type of opinion, as well as their distrust of the interviewer regarding a breach of confidence and anonymity. The interviewers however surmounted this difficulty by pressing those interviewed for trust and cooperation thus helping to avoid rejection of the interviews.

The Gallup Institute points to the strict supervision underlining the entire development of the study. One of every three interviews was rechecked in the field through a re-interview in order to confirm that the subject had given the correct information, and also, in order to verify that the facts were in agreement with his or her opinion.

Today we begin publication of the result of the study, referring specifically to major news events during the month of August; political parties and important political persons of the country. In the forthcoming editions we will take up themes regarding the communist influence, military bases, foreign investment and the reaction of those interviewed regarding family planning services supplied by the government, foreign investments, President Royo's activities, the high cost of living, corruption in the government, the National Assembly of Community Representatives and other interesting topics.

The death of General Omar Torrijos Herrera "means an era of changes in the future of Panama, according to some Panamanian citizens, however others consider that it does not mean anything as regards the socio-political-economic situation of the nation".

A public opinion poll conducted by the Gallup International Research Institute, a well known U. S. Firm, reveals also that the other political parties who wish to compete with PRD, (Revolutionary Democratic Party) must develop much more activity in order to become known inside the

Panamanian political system."

The results of the study that will circulate starting this week throughout the country points out that the best known and most mentioned political figures in Panama are Aristides Royo, Tomas G. Altamirano Duque, Arnulfo Arias, Ricardo de la Espriella and Raul Montenegro.

Referring to the death of General Torrijos, the most important news event of the month of August, the Gallup Research Institute gathered from several of the interviews in its poll, that the more educated the person, the stronger her belief in the probability that Torrijos death would bring about changes; while those less educated "believed that the death of the General meant changes". However the largest group interviewed, does not believe that the death of the General could mean changes or they don't know.

On the other hand, when the study dwelled on political parties and political situation in Panama, the subjects were asked to quickly mention four political parties.

The best known political party — the poll reveals — is the PRD (Revolutionary Democratic Party), since 81% of those interviewed were able to mention that political party without hesitation.

The four most known parties following the PRD were: Liberal, Christian Democrats and Panameñista.

The poll reveals that the political figures of Panama are not very well known, a fact that will certainly not please many politicians.

The political figure receiving the most favorable opinions in the poll was President Royo, while the one receiving the most unfavorable opinions was Alonso "Bucha" Pinzon.

"The fact that a majority of Panamanians have a positive attitude towards President Aristides Royo" —according to the study— "may have its foundation in several factors which will be analyzed in future studies."

The Gallup International Research Institute investigation will shock many who have political aspirations, and who according to the report do not enjoy mass popularity and are not considered as leaders. The points they received in the poll's scale is unfavorable.

To give an example: of the 32 names of political figures who were mentioned in the poll as regards popularity, two of them, Winston Robles and Juan Ramon Porras received little mention by the subjects interviewed. It also was very surprising that legislator Raul Montenegro projected such a positive image over and above such political figures as Demetrio Lakas, Ernesto Perez Balladares, Carlos Ivan Zuniga, David Samudio, Ricardo Arias Calderon, "Toty" Suarez and others. Montenegro stood in fifth place in the favorable public opinion poll.

Taking into consideration the effects which political opinion polls may have on the citizens of the country, Gallup International Research Institute points out that it is not a member of any political party or group in Panama and that "this public opinion study has not been financed by any of the Panamanian political groups nor government institutions." It also reveals that among the problems confronted by the Institute during the data-gathering stage the most important it had to face was the fear by persons interviewed, when it came to offering this type of opinions, as well as the distrust and wariness of the person interviewed that the interviewer would not keep the confidential and anonymous character of the interview. To the political figures who may be disillusioned by the results of the poll, G.I.R.I. (Gallup International Research Institute) recommends that "the first steps that should be taken in order to generate public opinion among fellow citizens is to make ourselves sufficiently known."

[14 Sep 81 pp A-1, 6]

[Text]

To the majority of Panamanians the influence exerted by communism in the Republic of Panama is on the increase, and also there exists a relation between this ideological tendency and local unionism.

The above statement represents some of the conclusions arrived at by a public opinion poll conducted in Panama by the Gallup International

Research Institute, the partial results of which we began to make public in yesterday's edition of the Star & Herald.

The study under consideration indicates that among the persons interviewed, very few believe that the communist influence is diminishing, with the particularity that the higher the education of the subject interviewed, the more he or she finds a relation between Communism and Unionism in Panama exists.

In the chart that describes the distribution of those interviewed according to the increase of the communist influence and the relation Communism-Unionism, 52% were of the opinion that communist influence is on the increase, 27% thought the degree of influence exerted by Communism in Panama is the same, and 5% answered that the influence of Communism here was decreasing.

Among the nearly 800 persons interviewed by the Gallup people during the data-gathering process, referring to the Metropolitan Group including Panama and Colon, a marked concern was observed regarding the communist influence, and also the tendency to identify the affinity between communism and unionism.

39% of those interviewed said the Communism Unionism relation does exist, while 32% thought there was little relation between these phenomena, and 7% believed there was no relation at all.

Among the subjects interviewed, 385 were males and 381 were females; 382 of the subjects were less than 30 years of age and 384 were over 30 years of age; 189 had finished primary school, 457 had finished secondary school and only 120 had measured college.

Among these, those who reported earnings of less than B/.600.00 per month, 51.9% believed in the growing influence of communism in Panama; while 62.5% interviewed who reported earnings of more than B/.2,000 per month, believed communist influence is on the increase in this country.

The study revealed that the higher the family earnings the more affirmative the opinion as to the relation between communism and unionism shown in higher percentages. For instance: among those persons interviewed with earnings of less than B/.600.00 per month, only 36.8% believed there was much relation between communism and unionism; 54.8% in the group of interviewed subjects with earnings of less than 2,000 had the same opinion. However among those interviewed with earning of B/.2,000.00 or more, 75% were of the opinion that there is very much relation between communism and unionism.

This public opinion poll is based on segments established by the National Directorship of Statistics and Census of the National Controllers Office.

These segments were selected so as to insure a maximum of demographic representation, by the use of advanced scientific techniques, according to the Gallup International Research Institute report.

One of every three interviews was re-checked during the data-gathering stage, in order to verify if the person interviewed was really the one who had given the information, and also in order to ascertain whether their opinions and the data supplied by them coincided; all this with the guarantee of maintaining the anonymity and confidentiality of the subject interviewed. There was also a very close and analytical supervision of the poll forms in the office and in the field.

But the communist theme is not the only heated topic revealed by the GIRI (Gallup International Research Institute Public Opinion Poll) exclusively acquired by the Star & Herald Company for its two dailies Star & Herald and "La Estrella de Panama". Panama's foreign policy as well as foreign investment here were also themes that generated much interest. Let us see:

U.S.: the country who has most benefited Panama

Which is the foreign nation that has benefited Panama the most during recent years?— To those persons interviewed during the public opinion poll, this was one question that caused much discussion and diversity of opinions. The result was that 68.9% of those interviewed answered that the nation

which had benefited Panama the most was the United States of America. 6% answered in favor of Venezuela, and only 7% chose other nations including Mexico.

The poll makes emphasis in that the higher the education of those interviewed, the higher percentage that chose United States of America as the nation that most benefited Panama in recent years.

Among those interviewed with only primary education, 63% picked United States; among those with only high school education, 69% picked United States, while 71% of those with college education answered the "United States is that country". The poll did not obtain well defined results in the theme of military bases in our country and the attitude of Panamanians towards the US bases in RP territory.

29% considered that the bases were of benefit to Panama, 42% answered "neither good nor bad" and 22% answered that it was "disadvantageous". However it must be pointed out that the higher the education of the subject interviewed the more his or her inclination towards the belief that the bases were disadvantageous: 36% of those with college education so opined about the US bases in Panama; 21% of those with high school education answered in the same manner, while 13% of those interviewed with primary education answered in like manner.

But the surprising aspect of this matter is that the poll showed 42% of those interviewed had ambivalent views and think that the military bases are "neither good nor bad for Panama."

The Torrijos-Carter Treaties

In the distribution charts of those who were interviewed regarding the Torrijos-Carter Treaties, 44% answered that they were beneficial of Panama while 36% thought they were "neither good nor bad", and 13% thought the relation was "disadvantageous".

The higher the education of the interviewed subject the more he was inclined to agree that the relation was beneficial to Panama. For instance, 45% of those with primary school education thought the treaty relation was beneficial; 44% with high school education answered that the relation was beneficial, while 46% with college education answered in the same manner.

Communists, Homosexuals, Alcoholics Rapped

Panamanian parents would not place their children's education in the hands of Communists, homosexuals or alcoholics, according to the results of the public opinion poll, following questions posed to the subjects interviewed regarding formal education in Panama.

A considerable percentage of those persons interviewed considers that education in Panama is the same or better as during the past years, but they evinced disgust at the possibility of placing their children in the hands of communists and homosexuals for their education. The more dramatic tendency evident in this aspect of the poll is the growing rejection of these "types", by those interviewed in direct proportion to higher earnings in the family.

According to the poll charts, 25% said they would not accept as educator for their children a persons with communist tendencies; 24% reacted in the same manner towards a homosexual, and 8% answered that they would not leave their children's education in the hands of an alcoholic.

Tomorrow:

Cost of living, employment and unemployment, corruption in the government, democracy in Panama, National Assembly of Community Representatives, new constitutional drafting assembly. The president's activities.

[Text]

Skepticism about the stability of employment, concern regarding the continued increase in the cost of living, a significant importance attributed to the problem of unemployment in the Republic of Panama and a solid criticism of the government's attempts to curb partially or totally the increase in the cost of living, were some of the more outstanding topics of the Gallup International Research Institute's public opinion poll for Panama, economywise.

The majority of those interviewed consider that the increase in the cost of living could have been avoided by the government", partially or totally", according to the poll.

In this first poll study Gallup included three questions dealing with economic topics, resulting in some significant differences in the answers, in accordance with the education level of the interviewed subject.

An attempt to link this problem with the high cost of petroleum products in the international market, those interviewed who had a college education reacted against this relation between the problems and considered less probable that the cost of petroleum was the most important factor in the increase of the cost of living in Panama. the tendency opted for a theory according to which the problem is seen from the viewpoint of the economic situation of the world in general, as more important than the specific factor of the cost of petroleum.

A significant percentage of those interviewed blamed government activities for the increase in the cost of living, especially in reference to government spending, taxes and the absence of proper economic planning. When Gallup poll interviewers asked those with college education about the reason for the specific high cost of food, 47% of them answered unhesitatingly that it was due to the "lack of price controls", which is a function of government. Regarding the increase in the cost of living, 82% considered that the government could have avoided the hike in part or totally; only 13% thought the government could not have avoided it.

The questions posed by the interviewers aimed at determining the causes of the increasing in living costs were: a) — cause of increase in living costs; b) — main cause of the increase in food prices; c) — could the government have curbed or avoided the increase in living costs?

As regards the principal cause of the high cost of food staples, 20% of those interviewed said it was the result of a low agricultural production, while 44% answered that they believed it was due to the lack of proper price controls; 18% attributed the cause to marketing factors and still 11% blamed farmers high prices for the increase.

The poll results point out how little or no importance was attributed by the subjects interviewed to profits by entrepreneurs; only 5% blamed them for the high cost of living.

At the time when the poll was conducted (in August), 13% of those interviewed revealed that the head of the household was unemployed. The figure became still more dramatic when 11% pointed out that there was a high probability that the head of the household would lose his or her job in 1981. By consolidating both answers it can be determined that 24% of those interviewed was in the midst of an uncertain and skeptical situation regarding the question of employment. This problem — the most crucial to Panamanians — revealed notable differences, especially when it came to estimating the economic condition of the interviewed subject.

Those situated at low earnings levels answered in a 12% total that there was much probability that the head of the household would lose his or her job while those in the high earnings level thought the same but only in a 6% total.

It is therefore conclusive that there is labor insecurity in Panama and that this insecurity is concentrated among the groups with low family

earnings; and this is so because 81% of those interviewed, with high earnings, answered that "there was no probability that the head of the household would lose his job". The majority of those interviewed believe that there is more unemployment in Panama in 1981 than in 1980.

The high cost of living, employment and unemployment in the public opinion poll were related with the results attained in the topic regarding President Royo in the exercise of his function as chief executive of the nation. The poll resulted in very positive figures regarding President Royo in the fulfillment — of his presidential tasks. "35% thought he works well or very well", and only 10% thought he does "badly or very badly". The result reflects the opinion the interviewed subjects had of Royo regarding the carrying out of his tasks as President; it contrasted very noticeably with the results attained by the same personage, in his activities in the face of the unemployment problem. The results in this topic were: 20% answered that he copes with this problem badly or very badly, while only 12% answered that he handles the problem of unemployment adequately.

In the chart which shows the distribution of the opinion of those interviewed regarding the manner in which Royo handles the problem of unemployment, 2% thought he handles it very well; 10% answered well, 48% answered regular and 13% answered badly...70% of those interviewed, with low earnings said Royo's government handled the problem of unemployment, regular, badly, very badly. While 38% of those interviewed situated in jobs with earnings of B/.2,000 or more per month said that he handled the problem of unemployment badly or very badly.

The topic of President Royo's relation with the workers of the Republic and their problems was tackled by the Gallup Public Opinion Poll surveyors: the result was that 61% of the interviewed persons considered Royo's handling of the problem as regular, 5% answered "very well, and 14% answered regular.

The more earnings the more the inclination of the interviewed subjects to consider that Royo handles the problem badly, but in general those interviewed in the topic of how the President handles all problems in general, the answers were favorable for Royo.

CORRUPTION

It is very noticeable that the Panamanian people are very concerned about corruption in public institutions. The Public Opinion Poll conducted by Gallup so revealed; however the study shows that the higher the earnings level of the persons interviewed the more they are inclined to believe there is more corruption now than in former years.

However Gallup points out that it is very difficult to interpret this information. One possible explanation is that those persons interviewed, situated in the high earnings bracket consider that they have more basis to opine in this manner. Another explanation could be that persons in higher earnings bracket are more against the present government and thus have that unfavorable opinion.

Anyway, a significant percentage of those interviewed believed there was corruption within the government of Panama. This percentage was 53% for those with family earnings of less than B/.600.00

per month; 63% for those with monthly earnings of less than B/.2,000, and 69% for those with earnings of B/.2,000.00 or more. Only 22% of those interviewed believed there was no corruption in the government and 24% said "they did not know" or "did not answer". The comparison between the present corruption as to whether it is greater or less than in former years gave the following statistics: 31% answered it was greater; 16% answered the same, and only 7% considered that it was less.

POLITICAL STRUCTURES

The poll has shown that there is a deep division of opinion among Panamanians as regards the system of legislation with the National Assembly of Community Representatives; however a great percentage of the subjects interviewed agree on the need for a new Constituent Assembly.

Is there more or less or no Democracy in Panama? This was another question posed by Gallup

Institute of International Research to the subjects interviewed in the Public Opinion Poll for the Republic of Panama, and the answers given were as follows: 41% said there is little Democracy in Panama, 27% said it was adequate and 18% said there was none or they did not know.

Only 14% said there was ample Democracy.

The largest group 34% of interviewed subject was opposed to the Assembly as it is today in Panama, while 32% was for the Assembly; 24% showed indifference. The higher the education of the interviewed subjects, the more the disagreement with the type of Assembly we have at present. 48% of those interviewed, with higher education are against the Assembly and 23% of the same group are in favor of the Assembly.

While 7% of the interviewed said they did not know what a constituent assembly was, 64% of the group interviewed agreed that there should be a call for elections to choose representatives for a new Constituent Assembly.

The Gallup questionnaire posed the question as follows: Do you think the government should call elections for a new Constituent Assembly? 62% of the male subjects interviewed answered yes, and 62% of the females interviewed answered yes.

The Gallup Public Opinion Poll was conducted during the days immediately following the death of General Omar Torrijos Herrera, and according to the interviewers since people of Panama by a great majority considered that the state of their country was the same or better than in the past year, this event — Torrijos' death — may have profoundly influenced the decision of the people of Panama by a great assembly call. This is evident from the poll study that considered the death of Torrijos as the most important news item of the month of August.

A majority of the interviewers considers that the welfare of the people of Panama will remain the same or better in the forthcoming years; and Gallup points out that the change is not one of great significance but that it does exist. "There is less faith in the future than in the past"

The study emphasizes that this being the first public opinion poll of a series on Panama, "it is hard to identify the cause or causes of a change in the attitude among Panamanians, and indeed even to determine if there has been a change". Maybe a Panamanian is more pessimistic when he looks upon his future, the Gallup poll analyst points out in the study.

One of the main causes for the marked skepticism of those interviewed about the state of their country, welfare and the future of Panama, could be attributed to the fact that a significant percentage of the subjects interviewed "live in a household wherein the head is unemployed or many lose his or her job during the year 1981".

This may contribute to increase the degree of insecurity. Besides, these factors — the high cost of living etc, which have been blamed on the government may influence the person interviewed to consider that his future is not under his personal control. However it will be very interesting to compare the forthcoming polls with the present one, taking into consideration that in all studies of this type, the question of the welfare of the people is always included.

The study is conclusive when it points out that a public opinion poll is looked upon as a photo of a certain period in the life of a people. Two studies in a row provide the dynamic element for those interested in the themes. With three, four and five poll studies in a series, then the results begin to show a certain fluidity that will permit interpretation and perhaps even forecasts changes in those people".

Gallup stresses the need to interpret this first poll study within the abovementioned context, and to make a deeper analysis of the Panamanian situation "when more studies and data are available".

Those in charge of this first poll study of public opinion in the Republic of Panama — CID-Gallup — are companies known internationally for their sobriety CID (Centro Interdisciplinario En Desarrollo, S.A.) was founded recently in

Panama after several years of successful work in Central America, the Caribbean area and Costa Rica. In Costa Rica, outstanding newspapers like La Nacion, have published similar poll studies, and other media in the area has done the same. CID is affiliated to the Gallup International Research Institute, GIRI with home offices in London, England. It was founded by Dr. George S. Gallup to allow for scientific exchange regarding conditions of marketing and public opinion throughout the world. It is a federation of independent enterprises with certain common professional characteristics and organizational goals. GIRI (Gallup International Research Institute) owns no stock in CID, but rather CID is a part of GIRI.

TOMORROW: CONCLUSIONS

Editors Conclusions

Panama City THE STAR AND HERALD in English 16 Sep 81 pp A-1, 6

[Article by Juan Carlos Duque M, and Jose Gabriel Duque V, of THE STAR AND HERALD]

[Text]

For the past three days we have been publishing in an exclusive manner for the benefit of Star & Herald readers and the people of Panama in general, the partial results of a report linked with the present administration and its people, and the reaction of public opinion towards vital aspects such as the economy, political structures and other important topics. The poll, which was conducted by the famous firm of GID-Gallup International Research Institute, specialized in such public opinion polls. Because of the poll's novelty, the published results produced many and diversified comments in different sectors of the country, and many individuals are known to have challenged the study, obviously because the statistics of the charts showed them in an unfavorable light. But these circumstances however, are typical of all poll studies, since usually that which favors one group is unfavorable to another.

We may conclude, that the people of Panama expect few changes in the near future, but that in the other hand, it is evident that Panamanians are in the clutches of labor and economic insecurity, which could be indicative of some distrust of its political leaders and government officials.

The study showed that there is growing concern regarding economic problems, which are dependent on government functional activity; it showed also the incidence of foreign market behavior on local business activities. It dealt with political stability in Panama and also showed partially that there is a need for greater understanding between political leaders and the masses in order that they may attain a more effective identification.

The CID-GIRI poll as presented, cannot be considered as a solid base regarding government behavior and the people's opinion, but it is without doubt an excellent indicator of what is going on in this relation-government-people, and surely the forthcoming polls now being conducted will necessarily be of greater value in analyzing this behavior. The political system of Panama, in August, 1981, was not as agitated as it might have been expected after the unexpected death of General Omar Torrijos Herrera. According to the poll, an important and large group of people in the nation evinced the opinion that conditions were the same as in the past and that they will continue to remain the same in the future.

This holds through, according to the poll, not only as regards the welfare of the people of Panama, but also as far as other everyday things as services supplied by buses and Social Security medical services.

The people of Panama view its President with favorable eyes in a considerable majority, and according to the study are positive regarding his administration in general.

The people are not satisfied with the way Royo is handling the problem of unemployment, and should this problem grow, as it would seem from the opinion of the interviewed subjects, the people's support of the government could decrease.

The many personages in local Panamanian politics are not very well known according the investigation conducted by the Gallup people in this first of a series of poll studies acquired exclusively by the Star & Herald Company for its two dailies "La Estrella de Panama and the Star & Herald. The people interviewed answered, that many people who consider themselves as political figures within select circles, are not really well known by the popular masses.

The pollsters advise, that as long as future panamanian leaders are elected by the people, these personages must strive to make themselves better known or forget their aspirations; and Gallup adds, that the same is true of several political parties in this country.

A public opinion poll, they stated, must be recognized a photograph of a specific period in the life of a people. Two polls in a row provide a dynamic element for those interested in those themes. With three, four or five additional poll studies in a series, the results begin to show a fluidity that allows for interpretation and perhaps even forecast changes in the people. -

The interpretation of this study must be made within the context described above, Gallup adds: this being so when additional poll studies are available, they will make possible a deeper analysis of the panamanian situation.

It is important to point out the convenience for institutions, international and financial organizations and political groups to have a complete version of the sampling and others that will be made.

It constitutes a very accurate manner of getting an idea of the "pulse" of the nation. Also very convenient is the fact that future surveys should include more specific questions and issues of deeper intensities, especially in those areas where the positive contribution of the government presents itself.

The fact that some groups and central figures were not favored in some way, does not mean that it implies a definite trend and in this sense it should be pointed out that, for example, with regard to the president, and negative event felt by the population will have direct repercussions upon him, because in his position he is considered the depository, in times of concretions and policies that really pertain to other sectors of the central government. This was made clear in the first CID-Gallup poll when the president received the accolades of those surveyed when they said he was doing a good or very good job, while attributing certain negative aspects to him in other areas of his government.

In conclusion, the study is amply convenient. It illustrates, guides and sums up persons that perhaps are ignored both by the government and the politicians, and gives them the opportunity to introduce corrective measures in the future, results that should become evident in the next survey.

CSO: 3020/3

LABOR MINISTER LABELS STRIKE AS TOTAL FAILURE

PY231758 Lima Domestic Service in Spanish 1200 GMT 23 Sep 81

[Text] Labor Minister Alfonso Grados Bertorini has labeled a complete failure the strike called for yesterday by the General Confederation of Workers of Peru [CGTP].

He said that the call for strike was clearly politically oriented and that this shows once again that there is no union democracy because efforts were made to manipulate the working class but without any results.

The following is a reporter interview with the minister:

[Begin Grados Bertorini recording] [Question] Mr Minister, considering the clearly politically oriented attitude of this strike and the extensive absenteeism in the main working sectors, would you consider that this strike call was a complete failure?

[Answer] As a strike this is a complete failure. As a demonstration that the democratic regime can permit the truth to prevail, this is a great success for democracy. We have said that democracy in Peru should not only function when we go to vote, but also in the unions. The best demonstration that there is no union democracy is that a group of union leaders dare speak about a national strike without getting in touch with their grassroots, and this is why the grassroots have disobeyed them by massively going to work not only in Lima, but in the entire country in an environment of open freedom, without repression, without having to imprison union leaders, without having to put troops on the streets, that is, only by using the simple arms of democracy. The police have protected the people who wanted to work by preventing those who called themselves representatives of the people from stoning buses, burning tires and stopping workers from getting to their jobs and thus hurting the country and democracy.

The facts are now clear. I believe that once and for all people must realize that in this country, just as there is political democracy there must also be union democracy and the groups who try to manipulate the workers must disappear.

[Question] Regarding the demands made by the CGTP, what are your points of view, particularly the demands not to privatize public enterprises, the nationalization of industry and other aspects of the demands?

[Answer] I believe that these demands are nothing more than perfunctory material that extremists normally use to try to justify, in political terms, what in democratic terms are unjustifiable. All of these claims [words indistinct] and the programs of the left presented to win this type of reform were not approved by the Peruvian people. The people made the decision in the elections when President Belaunde was elected by a great majority. Therefore, what has been lost at the polls cannot be won through the workers, and this is why the workers have said no.

[Question] This is a last question. Many workers did not go to work, perhaps because of fear of repressive actions by some picket lines. Would you make an appeal to the Peruvian people who want to work?

[Answer] Instead of making an appeal, I would like to thank the Peruvian people and convey to them the democratic government's profound recognition and admiration. We do not necessarily have to think in terms that we have great living conditions, but should realize that workers have no right to those claims. The Peruvian people have certainly shown a great example by massively going to work, showing that they do not want to be manipulated and that they want to make their own decisions. This is why, instead of making an appeal, I would like to convey the Peruvian Government's recognition to the large masses of Peruvian workers.
[end recording]

CSO: 3010/12

BRIEFS

BOMB ATTACK KILLS WOMAN--Yesterday noon a terrorist bomb exploded violently in an avenue of San Borja urban district, instantly killing a woman and wounding a construction worker who was about 30 m from the place. The explosion took place at about 1240 at the sixth block of the North Carpac Park Avenue, and the victim was identified as Maria Eugenia Paniora who leaves three orphaned children.[Excerpt] [PY221954 Lima EXPRESO in Spanish 16 Sep 81 p 6]

CIVIL GUARD ARRESTS TERRORISTS--Five of the 20 extremists who participated in the attack on the civil guard post at Quinua (Ayacucho) and killed Serg Ramon Flores Sulca have been arrested by personnel of the civil guard post at San Jose de Secce, an official source reported last night. The source identified those detained as Dante Cruzat Cardenas, alias Gilberto Huamani, 20; Juan Quispe Loyza, 18; Nelly Palacios Leon, 18; German Ore Enriquez, 30, and Gedeon Orellana, 28. The source said that it is believed that the five arrested persons have some links with the Shining Path, the terrorist group which has committed dynamite attacks in many parts of the country. [Excerpts] [PY222039 Lima EL COMERCIO in Spanish 15 Sep 81 p 1]

ELECTRICAL SUBSTATION ATTACK--A terrorist attack almost left Lima without water yesterday when unidentified individuals were taken by surprise putting charges of dynamite in the electrical substation which supplies energy to the (La Targea) water treatment plant. The event took place at 0400. The attack failed thanks to the courageous intervention of a lieutenant and a guard who immediately deactivated the charges. The fuse of one dynamite charge was already lighted and exploded in the air. To enter the substation, the terrorists broke through a wire fence near the (Bella Caja and Universal) cooperatives in (Agustino). When Lt (Juan Diaz) and republican guard (Victor Rodriguez Salas) arrived to the scene, the terrorists escaped in a Volkswagen which was hit with a submachinegun burst fired by the republican guard. [Text] [PY231851 Lima Domestic Service in Spanish 1200 GMT 23 Sep 81]

CSO: 3010/12

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